

of gold, which was finding its way into general circulation. By June 30, 1908, gold had become the predominant element in Mexican bank reserves and silver had fallen to a purely subordinate position, for of total metallic reserves of \$76,696,893, gold constituted \$52,788,145; the old silver pesos, \$17,763,545; and subsidiary money, \$6,145,203.¹

Under these new conditions the banks and the country at large prospered greatly. The current of foreign capital, long restrained by the uncertainties of exchange, turned heavily in the direction of Mexico. Banking capital increased from \$98,150,000 on June 30, 1903, to \$176,100,000 on June 30, 1908, and the total assets of the banks from \$379,525,207 to \$756,522,309. It was officially estimated at the close of 1906 that new capital had entered the country to the amount of \$86,500,000, without taking account of many small industrial enterprises.² Railway earnings increased from \$50,500,000 in 1903 to nearly \$57,000,000 in 1905.

If there was anything to be feared from this great accession of prosperity, it was the over-expansion of credit, and against this Minister I/mantour put himself from the first on guard. The crash in the United States in the autumn of 1907 was not without its reaction upon Mexico. As a result, the Minister issued a circular on February 10, 1908, in which he cautioned the banks against unsound loans and invited them to a general conference in April. Out of these precautions grew the law of June 19, 1908, which imposed special restrictions upon banks of issue and upon other banks. The period within which new charters might be granted to banks of issue was extended to March 19, 1922, but no bank was to be created in future with a capital of less than \$1,000,000. The business permissible to such banks was more carefully defined than before, among these prohibitions being a loan of more than ten per cent, to a single person or corporation.³

¹ Official returns furnished by the Minister of Finance.

² *Financial Documents* ^ December ^ rgo6, xo.

³ *Bulletin of the Bureau of American Republics*,', August, 1908, XXVII., 386.